

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 FEA-01 AGR-10 CEA-01

CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15

STR-04 TAR-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01

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E.O. 11652: NA

TAGS: ETRD GATT

SUBJ: MTN: PRESS ARTICLE

1. ONE OF THE HASTIEST TRADE STORIES WE HAVE SEEN IN THE EUROPEAN PRESS APPEARED IN THE SUNDAY TIMES OF LONDON, OCT 19, ENTITLED "EXPORT DUMPING, THE STORM CLOUDS GATHER". IT WAS WRITTEN BY JAMES POOLE, BUSINESS NEWS EDITOR, REPORTING FROM BRUSSELS, AND MALCOLM CRAWFORD, ECONOMICS EDITOR, REPORTING FROM WASHINGTON. EXCERPTS FOLLOW.

2. "THE TWO MOST POWERFUL TRADING BLOCS, THE US AND THE EEC, ARE SHAPING UP TO AN INCREASINGLY DANGEROUS ECONOMIC CONFRONTATION. IT HAS BEEN BUBBLING AND SEETHING ALL THIS YEAR. BUT NOW THE GLOVES ARE OFF IN PUBLIC...

IN THE BACKGROUND BOTH SIDES ARE SUPPOSED TO BE

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AGREEING A NEW WORLD TRADE DEAL UNDER THE GATT IN

GENEVA. IN FACT THE FEW TALKS STILL GOING ON HAVE DEGENERATED INTO A SLANGING MATCH. AND THE US TRADE ACT WHICH WAS THE SIGNAL LAST DEC FOR THIS ROUND OF LIBERAL TRADE REFORM HAS TURNED INSTEAD INTO A PROTECTIONIST CHARTER. NEVER HAS THE EMBARRASSED US ADMINISTRATION HAD SO MANY TARIFF CASES UNDER CONSIDERATION... NO ONE SEEMS TO KNOW HOW TO CONTROL THE SLIDE TOWARDS TRADE WAR, AND AN ATTEMPT WILL HAVE TO BE MADE AT THE TOP. AN EMERGENCY ECONOMIC SUMMIT WILL BE HELD IN FRANCE NEXT MONTH. "THE US IS ANXIOUSLY TRYING TO WARD OFF EUROPEAN ACCUSATIONS. TOMORROW... THE US TREASURY WILL (PROBABLY THROW OUT THE US STEEL CASE) IN THE HOPE OF MILLIFYING EUROPEAN EXPORTERS".

3. "FRED DENT HAS TRIED TO SMOOTH DOWN THE ROW IN EUROPE. LAST WEEK HE UPBRAIDED THE US BUSINESS COUNCIL... US ACTIONS 'MAY NOW BE THREATENING TO DISRUPT THE INTERNATIONAL TRADING SYSTEM', HE SAID".

4. REGARDING THE GATT ANTIDUMPING COMMITTEE MEETING, THE STORY SAID, THE EEC HAS FORCED A SPECIAL GATT MEETING IN GENEVA THIS TUESDAY TO LAUNCH A FORMAL COMPLAINT AGAINST US TRADE POLICIES".

5. THE ARTICLE REFERRED TO THE "OMINOUS WARNING DELIVERED TO THE STATE DEPARTMENT" OVER "WHAT THE EEC SEES AS AN IRREGULAR AND PROVOCATIVE ANTI-DUMPING INVESTIGATION WHICH THE US IS MOUNTING AGAINST EUROPEAN CARS."

6. THE EEC IS WORRIED THAT THE CASE COULD "GIVE US AUTOMAKERS A HEAVEN-SENT FILLIP IN THEIR OWN HOME MARKET, JUST WHEN THAT MARKET SHOULD BE HELPING EUROPE'S EXPORTERS TO PULL OUT OF THEIR OWN SLUMP. THAT SORT OF DIRTY TRICK WILL NOT NECESSARILY BE PLAYED, BUT THE THREAT OF IT ALONG COULD BE ENOUGH TO INHIBIT TRADE".

7. THE ARTICLE CONTINUED, "THE FIRST SKIRMISH WAS THE CHEESE WAR OF LAST SPRING. THE US HAD DECIDED TO CHALLENGE THE EEC FARM EXPORTS, BUT BY PICKING OFF THE MAIN PRODUCTS ONE BY ONE... A COMPROMISE WAS STRUCK.
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BUT THAT IS NOT THE POINT OF THE TALE. FOR CONGRESS SENT THE AGREEMENT BACK AS UNSATISFACTORY AND IN FURTHER NEGOTIATION THE US REIMPOSED VIRTUALLY THE WHOLE OF THEIR ORIGINAL CLAIMS.

8. THIS IS NOT THE FIRST TIME THAT THE US GOVERNMENT AS PROVED INCAPABLE OF DELIVERING ON INTERNATIONALLY NEGOTIATED SETTLEMENTS. SOAMES, WHO HAD CONCLUDED THE

FIRST CHEESE DEAL, WAS FORCED TO RETURN TO BRUSSELS.

9. "THERE ARE MANY IN THE COMMISSION WHO NOW ACCUSE HIM OF BEING A STOOGE OF THE AMERICANS...."

10. AS FOR THE MTN, "IN BRUSSELS OFFICIALS ADMIT QUITE OPENLY THAT THERE IS PRECIOUS LITTLE IN THIS FOR EUROPE. BUT YESTERDAY ONE ROW-ABOUT THE STATUS OF AGRICULTURE IN THE NEGOTIATIONS-WAS SETTLED BY DENT AND SOAMES.

11. "THERE IS A WIDESPREAD FEELING THAT THE US CANNOT DELIVER ANY CONCESSIONS, HOWEVER, 'FACED WITH THE WEAKEST US ADMINISTRATION THIS CENTURY AND A PROTECTIONIST CONGRESS THERE IS NOT MUCH POINT DEALING WITH THE AMERICANS' WAS ONE OFFICIAL'S SUMMARY A WEEK AGO".

12. "THE US WANTS THE EEC TO PROVIDE ADVANCE WARNING AND ALLOW CONSULTATIONS ON ANY POLISH CHANGES THAT MIGHT AFFECT EXPORTS. THAT COVERS JUST ABOUT EVERYTHING THE EEC DOES".

13. THE EEC, MUCH MORE DEPENDENT ON WORLD TRADE, HAS HAD FEW REAL DEFENSIVE WEAPONS TO REPEL THE US ONSLAUGHT. APARTFROM SABOTAGING FUTURE TRADE NEGOTIATIONS THERE IS LITTLE THEY CAN OBVIOUSLY DO, THOUGH IN BRUSSELS THERE ARE SOME WHO SAY THE EEC SHOULD RETALITATE AGAINST US MULTINATIONAL COMPANIES IN EUROPE. FROM THE THIRTEENTH FLOOR OF THE EEC HEADQUARTERS THE US IS SEEN AS INCREASING LY BULLYING AND POWERFUL.IT ALREADY HAS A \$3 BILLION SURPLUS ON ITS TRADE WITH THE COMMON MARKET YET IT IS TRYING TO EXCLUDE EUROPE'S EXPORTS JUST AS US ECONOMIC RECOVERY OFFERS HOPE FOR ALL TO PARTICIPATE INA RESURGENCE OF NORMAL WORLD TRADE. IF WASHINGTON UNCLASSIFIED

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SERIOULSY TRIES TO KEEP OUR EXPORTS OUT, THEN IT WILL BE WAR". WALKER

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